

Message Text

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SUBJ: AUSTRALIAN AID TO NORTH VIET-NAM

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1. WE BELIEVE THERE IS STRONG POSSIBILITY ANY USG EFFORT TO PREVENT CATERPILLAR FROM SUPPLYING AUSTRALIAN TRACTORS TO GOA OVERSEAS AID PROGRAM WOULD BECOME PUBLICLY KNOWN. IN THAT EVENT IT WOULD EXACERBATE AUSTRALIAN SENTIMENT RESPECTING ROLE OF MULTINATIONAL, AND IN PARTICULAR AMERICAN-BASED MULTINATIONALS IN AUSTRALIAN ECONOMY.

2. AS DEPARTMENT KNOWS ISSUE OF OVERSEAS CONTROL OF AUSTRALIAN ECONOMY HAS BEEN GROWING IN RECENT YEARS AND PROMINENCE OF ISSUE INCREASED SHARPLY UNDER PRESENT LABOR GOVERNMENT. BOTH LABOR UNION AND SOME GOVERNMENT CIRCLES HAVE BEEN SHARPLY CRITICAL OF QTE NEW YORK BOARD ROOM DECISIONS END QUOTE PARTICULARLY IN CONTEXT OF INDUSTRIAL LABOR POLICIES AND EMPLOYMENT RETRENCHMENT. RECENT EXAMPLES OF THIS INCLUDE PUBLIC DENUNCIATION OF FORD MOTOR COMPANY DURING 1973 STRIKES AND DENUNCIATION OF GENERAL MOTORS-HOLDEN BY CAIRNS AND WHITLAM IN RECENT MONTHS OVER PLANS TO REDUCE EMPLOYMENT AND PRODUCTION LEVELS.

3. GIVEN CURRENT DEEP PUBLIC AND POLITICAL CONCERN OVER STILL-RISING UNEMPLOYMENT ANY EXTERNAL ACTION WHICH DIVERTED ORDERS
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FROM ANY PARTICULAR MANUFACTURING INDUSTRY WOULD RECEIVE VERY

CRITICAL RECEPTION. IN ABSENCE ADDITIONAL INFORMATION WE ASSUME MAGNITUDE OF ORDER WOULD BE SMALL, AND THAT IF CATERPILLAR UNABLE PURSUE THIS BUSINESS THERE IS EVERY CHANCE IT WOULD BE PLACED ELSEWHERE IN AUSTRALIA. NOTWITHSTANDING THESE CONSIDERATIONS HOWEVER LABOR DIRECTLY AFFECTED AT CATERPILLAR LIKELY TO SUCCEED IN MAKING SUBSTANTIAL ISSUE OF ANY SUCH DEVELOPMENT. STATE OF VICTORIA, WHERE CATERPILLAR LOCATED, HAS SECOND HIGHEST UNEMPLOYMENT RATE IN AUSTRALIA.

4. IN VIEW NATURE INQUIRY IN REFTEL, EMBASSY HAS REFRAINED FROM MAKING DIRECT INQUIRIES WITH CATERPILLAR OR OTHER TRACTOR MANUFACTURERS AND IS UNABLE TO COMMENT DIRECTLY ON SITUATION IN TRACTOR INDUSTRY, EITHER RESPECTING EMPLOYMENT SITUATION OR ALTERNATIVE SOURCES OF EQUIPMENT CONCERNED. WE UNDERSTAND HOWEVER THAT AUSTRALIA HAS RELATIVELY LITTLE PRODUCTION IN THE NINE TO TEN TON CATEGORY MENTIONED IN REFTEL. ON THE OTHER HAND MOST MAJOR NORTH AMERICAN, EUROPEAN AND JAPANESE LINES ARE AVAILABLE IN AUSTRALIA THROUGH CBU OR CKD IMPORTS.

5. ONE FINAL CONSIDERATION IS THAT, AS THE DEPARTMENT WELL KNOWS, THE DIVERGENCE BETWEEN USG AND GOA POLICIES RESPECTING BOTH SVN AND NVN IS A CONTINUING SENSITIVE SUBJECT IN OUR BILATERAL RELATIONS. THIS MEANS THAT THE USE OF USG POWERS OVER RESIDENT U.S.-BASED MULTINATIONALS TO CURB OR OBSTRUCT THE GOA AID PROGRAM FOR NORTH VIET-NAM WOULD IN THE EYES OF THE GOA BE AN ESPECIALLY UNPLEASANT EXAMPLE OF EXTERNAL CONTROL OF THE AUSTRALIAN ECONOMY THROUGH MULTINATIONALS.

6. TO SUM UP, THE DEPARTMENT SHOULD ASSUME THAT THERE IS RELATIVELY LITTLE CHANCE OF APPLYING THE STANDING POLICY DESCRIBED IN REFTEL IN THIS CASE WITHOUT RISKING A BILATERAL POLITICAL ISSUE WHICH WOULD INCREASE AUSTRALIAN SENSITIVITIES ABOUT THE ROLE OF MNC'S IN AUSTRALIA.
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